Ramsey Industries, Inc.
Notes to Consolidated Financial Statements
December 31, 2006 and 2005

The above net deferred tax asset is presented on the balance sheets as follows:

	2006	2005
Deferred tax asset – current	$ 1,102,000	$ 344,000
Deferred tax asset – long-term	368,000	660,000
Net deferred tax asset	$ 1,470,000	$ 1,004,000

Note 5: Pension and Other Postretirement Benefit Plans

Pension Plans

The Company has two noncontributory defined benefit pension plans covering all employees who meet the eligibility requirements before October 1, 2006. Both plans were amended September 30, 2006. The plans are no longer open to new participants and no new benefits will be accrued after September 30, 2006. The Company's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Company may determine to be appropriate from time to time. The Company does not expect to make any contributions to the plans in 2007.

The Company uses a December 31 measurement date for the plans. Significant balances, costs and assumptions are:

	2006	2005
Benefit obligation	$ 15,403,791	$ 16,390,925
Fair value of plan assets	13,997,998	12,960,023
Funded status	$ (1,405,793)	$ (3,430,902)
Amounts recognized in the balance sheets:		
Accrued benefit cost in other liabilities	$ (1,405,793)	$ (2,008,977)
Accumulated benefit obligation	$ (1,405,793)	$ (2,008,977)
Accumulated other comprehensive income (net of income tax credit)	$ 2,622,404	$ 2,732,274
Benefit costs	$ 624,026	$ 824,683
Employer contributions	$ 1,050,000	$ 2,275,000
Benefits paid	$ 685,110	$ 723,584

Ramsey Industries, Inc.
Notes to Consolidated Financial Statements
December 31, 2006 and 2005

	2006	2005
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	6.25%	6.00%
Rate of compensation increase	3.00%	3.00%
Weighted-average assumptions used to determine benefit cost:		
Discount rate	6.00%	6.00%
Expected return on plan assets	8.35%	8.35%
Rate of compensation increase	3.00%	3.00%

The Company has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

The following approximate pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of December 31, 2006:

2007	$ 737,154
2008	$ 773,565
2009	$ 781,639
2010	$ 851,965
2011	$ 946,202
2012 – 2015	$ 5,549,169

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement. The plan invests primarily in common stocks and U.S. government securities.

Asset allocation is primarily based on strategy to provide stable earnings while still permitting the pension plan to recognize potentially higher returns through investment in equity securities. The target asset allocation percentages for 2006 and 2005 are as follows:

	2006	2005
Equity securities	60%	60%
U.S. government debt securities	40%	40%

Ramsey Industries, Inc.
Notes to Consolidated Financial Statements
December 31, 2006 and 2005

At December 31, 2006 and 2005, plan assets by category are as follows:

	2006	2005
Cash equivalents	3%	16%
Equity securities	67	51
U.S. government debt securities	30	33
	100%	100%

Postretirement Health Care Plan

The Company provides postretirement health care benefits to four retired employees and their spouses. The Company provides health care coverage under the plan which also reimburses these retirees for out-of-pocket expenses. The Company pays amounts to the plan as needed.

The Company uses a December 31 measurement date for the plan. Significant balances, costs and assumptions are:

	2006	2005
Benefit obligation	$ 820,637	$ 1,195,071
Fair value of plan assets	—	—
Funded status	$ (820,637)	$ (1,195,071)
Amounts recognized in the balance sheet:		
Accrued benefit cost in other liabilities	$ (607,506)	$ (562,831)
Benefit costs	$ 95,450	$ 85,332
Employer contributions	$ 50,774	$ 58,984
Benefits paid	$ 50,774	$ 58,984
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	6.00%	6.00%
Assumed health care cost trend rates:		
Health care trend rate	9.00%	9.00%
Rate to which the cost trend rate is assumed to decline to	5.00%	6.00%
Year that the rate reaches the ultimate trend rate	2011	2010

Ramsey Industries, Inc.
Notes to Consolidated Financial Statements
December 31, 2006 and 2005

The following benefit payments are expected to be paid as of December 31, 2006:

2007	$	47,942
2008	$	50,728
2009	$	53,428
2010	$	53,891
2011	$	55,556
2012 – 2016	$	287,422

Postretirement Benefit Plan

The Management Security Plan (the MSP) provides for monthly payments upon retirement or death for a limited group of key employees. The assumptions used to calculate the MSP obligation include a weighted-average discount rate of 6.25% and the 1983 Group Annuity Mortality Table for Males. In 1999, the Plan was closed to new participants and an annuity was purchased to fund the existing liability to retired employees. At December 31, 2006, only one plan participant remains. A liability of $277,936 and $273,082 was included in other liabilities on the December 31, 2006 and 2005, balance sheets, respectively.

Note 6: Deferred Compensation Plan

The Company has a deferred compensation plan with nine former employees. The plan was established in 1999 with the present value of the estimated deferred compensation of $4,671,000 being recorded as a liability and expensed in that year. In 1999, the Company funded the plan with the purchase of a group annuity contract for $4,671,000. Each of the former employees will receive monthly payments over a 10-year period, starting at different dates during the plan's 20-year term with the final monthly payments in 2019. At December 31, 2006 and 2005, a total liability of $2,523,042 and $2,957,674, respectively, was recorded for the plan.

Note 7: Stock Option Plan

The Company has a fixed option plan under which the Company may grant options to its employees for up to 216,000 shares of common stock. The options become fully exercisable after four years from the grant date. The exercise price of each option is intended to equal the fair value of the Company's stock on the date of grant. An option's maximum term is 10 years.

Ramsey Industries, Inc.
Notes to Consolidated Financial Statements
December 31, 2006 and 2005

A summary of the status of the plan at December 31, 2006 and 2005, and changes during the years then ended is presented below:

	2006 Shares	2006 Weighted-Average Exercise Price	2005 Shares	2005 Weighted-Average Exercise Price
Outstanding, beginning of year	38,746	$ 10.49	51,546	$ 10.83
Granted	—		—	
Exercised	(1,350)	10.97	(1,100)	11.16
Forfeited	(250)	10.15	(11,700)	11.92
Outstanding, end of year	37,146	$ 10.48	38,746	$ 10.49
Options exercisable, end of year	31,771		25,996	

The fair value of options granted prior to January 1, 2006, were estimated on the date of the grant using the minimum value method with the following weighted-average assumptions:

	2005
Dividend per share	$ 0
Risk-free interest rate	3.00%
Expected life of options	10 years
Weighted-average fair value of options granted during the year	$ 0

The following table summarizes information about stock options under the plan outstanding at December 31, 2006:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$ 10.15	6046	4 years	$ 10.15	6046	$ 10.15
$ 12.00	6600	5 years	$ 12.00	6600	$ 12.00
$ 10.15	24,500	6 years	$ 10.15	19,125	$ 10.15

Ramsey Industries, Inc.
Notes to Consolidated Financial Statements
December 31, 2006 and 2005

Note 8: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

General Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position of the Company.

Self-Insured Workers' Compensation and Health Insurance

The Company retains a significant portion of certain expected losses related to workers' compensation and employee health. Provisions for losses expected under these programs are recorded based upon the Company's estimates of the aggregate liability for claims incurred and totaled approximately $531,000 for the year ended December 31, 2006. The amount of actual losses incurred could differ materially from the estimates reflected in these financial statements.

Note 9: Commitments

Letters of Credit

The Company had $200,000 at December 31, 2006 and 2005, in outstanding letters of credit as required by the state of Oklahoma for workers' compensation claims.

Note 10: Future Change in Accounting Principle

SFAS 158, Employers' Accounting for Defined Benefit Pension and Other Post-Retirement Plans

The FASB recently issued Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Post-retirement Plans* (SFAS 158), which revises the accounting and disclosure requirements in the financial statements of employers with respect to defined benefit pension and other postretirement plans. The statement requires an employer to currently recognize the funded status of defined benefit plans, the difference between the fair value of plan assets and the projected benefit obligation on the employers' balance sheet. SFAS 158 is effective for fiscal years ended after June 15, 2007, thus the Company expects to first apply the recognition of the funded status during its year ending December 31, 2007. Additionally, the statement has eliminated the current measurement option and requires the measurement date to be as of the balance sheet date for fiscal year ending after December 15, 2008. The Company's measurement date is currently as of the balance sheet date.

Ramsey Industries, Inc.
Notes to Consolidated Financial Statements
December 31, 2006 and 2005

FIN 48, Accounting for Uncertainty In Income Tax

The Financial Accounting Standards Board recently issued Financial Interpretation No. 48, *Accounting for Uncertainty in Income Tax*, which interprets SFAS 109, *Accounting for Income Taxes*, and clarifies accounting for uncertainty in income taxes recognized in financial statements. The Company expects to first apply the new interpretation during fiscal year ending December 31, 2007. The impact of applying the new interpretation has not yet been determined.

Exhibit B-2

(Audited Financial Statements for 2007)

Grant Thornton

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Ramsey Industries, Inc. and Subsidiaries

December 31, 2007

Ramsey Industries, Inc.

Table of contents

GrantThornton

Audit • Tax • Advisory

Grant Thornton LLP
2431 E. 61st Street
Suite 500
Tulsa, OK 74136-1208

T 918.877.0800
F 918 877.0805
www.GrantThornton.com

Report of Independent Certified Public Accountants

Board of Directors
Ramsey Industries, Inc.

We have audited the accompanying consolidated balance sheet of Ramsey Industries, Inc. (an Oklahoma corporation) and subsidiaries (collectively, the Company) as of December 31, 2007, and the related consolidated statements of income, stockholders' equity and cash flows for the period from inception (April 5, 2007) to December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ramsey Industries, Inc. and subsidiaries as of December 31, 2007, and the results of their operations and their cash flows for the period from inception (April 5, 2007) to December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Tulsa, Oklahoma
April 30, 2008

Ramsey Industries, Inc.

Consolidated balance sheet

December 31, 2007

(dollars in thousands, except per share amounts)

<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	$	4,250
Accounts receivable, net of allowances; $150		11,833
Inventories, net		
Finished goods		2,634
Work in process		549
Raw materials		6,540
Total inventories		9,723
Income taxes receivable		167
Prepaid expenses and other		1,462
Total current assets		27,435
PROPERTY AND EQUIPMENT, at cost		
Land		1,065
Buildings		5,835
Machinery and equipment		3,240
		10,140
Less accumulated depreciation		1,129
		9,011
OTHER ASSETS		
Goodwill		57,622
Customer relationships, net		30,188
Trade names		19,200
Developed technology, net		4,165
Non-compete agreements, net		935
Other non-current assets		4,054
		116,164
Total assets	$	152,610

The accompanying notes are an integral part of this consolidated financial statement.

Ramsey Industries, Inc.

Consolidated balance sheet - continued

December 31, 2007

(dollars in thousands, except per share amounts)

LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$	852
Accounts payable		7,463
Accrued expenses		4,386
Other current liabilities		441
Total current liabilities		13,142
LONG-TERM DEBT		76,820
OTHER LIABILITIES		
Postretirement benefit obligation		177
Deferred compensation		1,654
Derivative liability		1,171
Pension plan		312
Postretirement health care		891
Deferred tax liability		21,074
Total other liabilities		25,279
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, $1 par value; 3,600,000 shares authorized; 1,532,200 shares issued and outstanding		1,532
Additional paid-in capital		34,638
Retained earnings		1,346
Accumulated other comprehensive loss		(147)
Total stockholders' equity		37,369
Total liabilities and stockholders' equity	$	152,610

The accompanying notes are an integral part of this consolidated financial statement.

Ramsey Industries, Inc.

Consolidated statement of income

Period from inception (April 5, 2007) to December 31, 2007

(in thousands)

NET SALES	$	63,893
COST OF GOODS SOLD		44,728
GROSS PROFIT		19,165
OPERATING EXPENSES		
Marketing		1,603
Engineering, research and development		1,230
General and administrative		8,486
		11,319
OPERATING INCOME		7,846
OTHER INCOME (EXPENSE)		
Interest income		124
Interest expense		(6,065)
Other		40
		(5,901)
INCOME BEFORE INCOME TAXES		1,945
PROVISION FOR INCOME TAXES		599
NET INCOME	$	1,346

The accompanying notes are an integral part of this consolidated financial statement.

Ramsey Industries, Inc.

Consolidated statement of stockholders' equity

Period from inception (April 5, 2007) to December 31, 2007

(dollars in thousands, except per share amounts)

	Common Shares	Common Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
BALANCE AT APRIL 5, 2007	-	$ -	$ -	$ -	$ -	$ -
Issuance of common stock	1,532,200	1,532	34,528	-	-	36,060
Net income	-	-	-	1,346	-	1,346
Other comprehensive income:						
Unrealized loss on hedge, (net of tax of $445)	-	-	-	-	(726)	(726)
Pension plans, (net of tax of $344)	-	-	-	-	562	562
Postretirement plan, (net of tax of $11)	-	-	-	-	17	17
Total comprehensive income						1,199
Stock based compensation	-	-	110	-	-	110
BALANCE AT DECEMBER 31, 2007	1,532,200	$ 1,532	$ 34,638	$ 1,346	$ (147)	$ 37,369

The accompanying notes are an integral part of this consolidated financial statement.

Ramsey Industries, Inc.

Consolidated statement of cash flows

Period from inception (April 5, 2007) to December 31, 2007

(in thousands)

OPERATING ACTIVITIES:		
Net income	$	1,346
Adjustments to reconcile net income to net cash provided by (used in) operating activities -		
Depreciation		1,128
Amortization		2,912
Paid-in-kind interest		344
Stock based compensation		110
Amortization of debt issue cost		123
Deferred tax benefit		(1,235)
Changes in assets and liabilities -		
Accounts receivable		1,540
Inventories		956
Accounts payable and accrued expenses		(3,287)
Other assets and liabilities		1,367
Net cash provided by operating activities		5,304
INVESTING ACTIVITIES:		
Purchase of property and equipment		(843)
Net cash used in investing activities		(843)
FINANCING ACTIVITIES:		
Payments on senior term loans		(443)
Payments on revolver		(1,000)
Proceeds from revolver		1,000
Other, net		232
Net cash used in financing activities		(211)
INCREASE IN CASH AND CASH EQUIVALENTS		4,250
CASH AND CASH EQUIVALENTS, beginning of year		-
CASH AND CASH EQUIVALENTS, end of year	$	4,250
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$	4,485
Income taxes paid	$	1,614

The accompanying notes are an integral part of this consolidated financial statement.

Ramsey Industries, Inc.

Notes to consolidated financial statements

December 31, 2007

(dollars in thousands, except per share amounts)

A - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Operations

Ramsey Industries, Inc. an Oklahoma Corporation, and its wholly owned subsidiaries Ramsey Winch Company (Ramsey Winch) and Auto Crane Company (Auto Crane) (collectively, the Company) earn revenues predominately from manufacturing and sales of winches, cranes and related products. The Company sells products worldwide to agricultural, industrial, construction, commercial and original equipment manufacturers and distributors. The Company extends unsecured credit to its customers based on preapproved credit terms.

2. Acquisition

On April 5, 2007, Ramsey Holdings, Inc. (a Delaware Corporation) acquired the Company for approximately $113,560. This acquisition was financed primarily with cash of $36,060, $59,000 of Senior debt and $18,500 of Subordinated debt.

The allocation of the acquisition cost was as follows:

Current assets	$	24,485
Property, plant and equipment		9,300
Trade names		19,200
Customer relationships		32,200
Developed technology		4,900
Non-compete agreements		1,100
Other long-term assets		2,587
Goodwill		57,622
Current liabilities		(13,895)
Deferred tax liability		(21,375)
Long-term liabilities		(2,564)
	$	113,560

The Company has allocated the purchase price of the acquisition to assets acquired based on the fair value of assets acquired in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations*. The acquisition cost has been allocated to trade names, customer relationships, developed technology, and non-compete agreements, based on independent appraisals of fair value. Management believes these appraisals provide reasonable fair values for the intangibles as there has not been a significant change in the Company's operations since the appraisals were performed. None of the goodwill acquired is expected to be deductible for income tax purposes.

Current assets acquired consisted primarily of accounts receivable of approximately $13,400, inventories of approximately $10,700 and other current assets of approximately $385. Current liabilities acquired consisted of trade accounts payable of $10,700 and other accrued liabilities of $3,195.

Ramsey Industries, Inc.

Notes to consolidated financial statements - continued

December 31, 2007

(dollars in thousands, except per share amounts)

3. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

4. Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Cash and Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents.

6. Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are due based on specified terms with the customers. Accounts past due are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Sales to one customer represented approximately 7% of total revenue for the period from inception (April 5, 2007) to December 31, 2007. Trade receivables relating to this customer as of December 31, 2007, were 12% of total trade receivables.

7. Impairment of Long Lived Assets

The Company adopted the SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets,* upon formation.

In accordance with SFAS No. 144, long-lived assets, such as property, plant and equipment, and intangibles are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Based on this evaluation, the Company determined the property, plant and equipment and intangibles were not impaired at December 31, 2007.

Ramsey Industries, Inc.

Notes to consolidated financial statements - continued

December 31, 2007

(dollars in thousands, except per share amounts)

8. Intangible Assets

SFAS No. 142, *Goodwill and Other Intangible Assets,* provides that goodwill and other intangible assets with indefinite lives shall not be amortized but shall be tested for impairment annually. Identifiable intangible assets with definite lives are amortized over their estimated useful lives. Intangible assets include tradenames, customer relationships, developed technology and non-compete agreements. The tradenames have an indefinite life and are not amortized. The intangible assets with a definite life are amortized on a straight-line basis over the life of the intangible and these amounts are recognized in operating costs.

Intangible assets with a definite life consisted of the following at December 31, 2007:

	Cost	Accumulated Amortization	Net
Customer relationships (12 years)	$ 32,200	$ (2,012)	$ 30,188
Developed technology (5 years)	4,900	(735)	4,165
Non-compete agreements (5 years)	1,100	(165)	935
			$ 35,288

Amortization expense for the period from inception (April 5, 2007) through December 31, 2007 was $2,912. Amortization expense is estimated to be approximately $3,883 per year through 2011 and $2,983 in 2012.

9. Goodwill

Goodwill is tested annually for impairment. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements. Goodwill is tested for impairment annually in accordance with SFAS No. 142. Goodwill was not impaired at December 31, 2007.

10. Inventories

Inventories consist of raw materials, work in process and finished goods. Inventories are stated at the lower of cost or market. Costs are based on standard cost to produce finished goods inventory which approximates actual cost using the first-in, first-out (FIFO) method. Costs to produce inventory consist of materials, labor and factory overhead.

11. Property and Equipment

Property and equipment are depreciated over the estimated useful life of each asset. Buildings are depreciated for 10 years. Machinery and equipment are depreciated over three to five years.

Ramsey Industries, Inc.

Notes to consolidated financial statements - continued

December 31, 2007

(dollars in thousands, except per share amounts)

12. Product Warranties

The Company provides limited warranties on certain of its products for periods ranging from one to two years. The Company records an accrued liability and expense for estimated future warranty claims based upon historical experience and management's estimate of the level of future claims. Changes in the estimated amounts recognized in prior years are recorded as an adjustment to the accrued liability and expense in the current year.

13. Income Taxes

Deferred tax assets and liabilities are recognized for the tax effects of differences between the financial statement and tax bases of assets and liabilities. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized. The Company files consolidated income tax returns with its subsidiaries.

14. Revenue Recognition

Revenue from the sale of the Company's products is recognized as products are shipped to customers and the customer takes ownership of goods and assumes risk of loss.

15. Self-Insurance

The Company has elected to self-insure certain costs related to workers' compensation and employee health. The Company has purchased insurance that limits its exposure for individual claims and that limits its aggregate exposure to $1,000 and $2,117, respectively.

16. Derivative Financial Instruments

The Company accounts for derivative financial instruments in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended (SFAS No. 133). SFAS No. 133 requires that an entity recognize all derivatives, as defined, as either assets or liabilities measured at fair value. If the derivative is designated as a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized as a component of comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings.

The Company uses derivative instruments to manage its exposure to cash flow risk from changes in interest rates and does not hold or issue derivative instruments for speculative or trading purposes.

17. Fair Values of Financial Instruments

The Company has short-term financial instruments other than cash, cash equivalents and investment securities consisting of accounts and notes receivable, accounts payable, accrued liabilities and debt obligations. The fair value of these financial instruments approximates their carrying amount due to their short-term nature.

Ramsey Industries, Inc.

Notes to consolidated financial statements - continued

December 31, 2007

(dollars in thousands, except per share amounts)

18. Advertising Costs

All advertising costs of the Company are expensed as incurred. Advertising expenses totaled approximately $193 for the period from inception (April 5, 2007) through December 31, 2007.

19. Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – An Amendment of FASB Statements No. 87, 88, 106, and 132(R)* (SFAS No. 158). SFAS No. 158 requires recognition of a net liability or asset to report the funded status of defined benefit pension and other postretirement plans on the balance sheet and recognition (as a component of other comprehensive income) of changes in the funded status in the year in which the changes occur. Additionally, SFAS No. 158 requires measurement of a plan's assets and obligations as of the balance sheet date and additional annual disclosures in the notes to the financial statements. The recognition and disclosure provisions of SFAS No. 158 are effective for fiscal years ending after June 15, 2007, while the requirement to measure a plan's assets and obligations as of the balance sheet date is effective for fiscal years ending after December 15, 2008. The Company adopted SFAS No. 158 during 2007. (See Note D)

Also, in 2006, the FASB issued FASB Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes – interpretation of FASB Statement No. 109.* On February 1, 2008, the FASB issued FASB Staff Position (FSP) FIN 48-2, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises.* The FSP defers the effective date of Interpretation 48, for certain nonpublic enterprises to the enterprise's annual financial statements for fiscal years beginning after December 15, 2007.

Additionally, during 2006 the FASB issued SFAS No. 157, *Fair Value Measurements,* which is effective for fiscal years beginning after November 15, 2007. In 2007, the FASB issued Interpretation No. 141 (Revised 2007) *Business Combinations* and SFAS No. 160 *Non-controlling Interests in Consolidated Financial Statements – An Amendment of ARB No. 51.* The Company has not yet determined the effect, if any, the adoption of these statements will have on the Company's financial position or results of operations.

Ramsey Industries, Inc.

Notes to consolidated financial statements - continued

December 31, 2007

(dollars in thousands, except per share amounts)

B - DEBT

At December 31, 2007, the Company's current and long-term debt consists of the following:

Senior term loans, which require quarterly payments of $148 through December 31, 2012, quarterly interest payments at prime plus 2.25% or LIBOR plus 3.25% (8.6% at December 31, 2007), matures April 5, 2013 and are collateralized by all of the Company's assets. Additionally, the Company has availability under a $10,000 revolver loan which matures on April 5, 2012. There was no balance outstanding on the revolver loan at December 31, 2007.	$	58,558
Subordinated debt, which requires quarterly interest payments at 12% and paid-in-kind interest at 2.5%, which is added to the principle and is due at maturity April 4, 2014.		18,844
Various		270
		77,672
Less current maturities		(852)
	$	76,820

Aggregate annual maturities of long-term debt at December 31, 2007 are:

2008	$	852
2009		599
2010		590
2011		590
2012		590
Thereafter		74,451
	$	77,672

The Company capitalized debt issue costs of $2,074 related to the financing of the acquisition on April 5, 2007. These costs are amortized to interest expense over the term of the related debt using the effective interest method. The Company recognized $123 of interest expense for the period from inception through December 31, 2007.

The Company's credit facilities contain several financial covenants common in such agreements including limitations on capital spending, limitations on the amount of funded debt to EBITDA, and debt service coverage requirements. The Company was in compliance with all financial covenant ratios throughout the reporting period.

To manage interest rate risk, on June 21, 2007, the Company entered into an interest rate swap contract to hedge a portion of its future variable rate interest costs. The contract fixed the borrowing rate on a portion of the floating rate debt to provide an economic hedge against rising interest rates. At December 31, 2007, the

(dollars in thousands, except per share amounts)

interest rate swap had a total notational value of $30,000 and a fair value of $1,171 net liability position. This agreement has been designated as a hedge for accounting purposes in accordance with the provisions of SFAS No. 133, as amended.

The change in the fair value of the Company's swap agreement for the period ended December 31, 2007, was a decrease of $1,196 and is reflected as accumulated other comprehensive loss, net of tax in the consolidated balance sheet. The net cash interest expense from the interest rate swap was $25 for the period ended from inception (April 5, 2007) through December 31, 2007, and is included in the consolidated statement of income as an adjustment to interest expense. The income tax consequences of the change in fair value of the Company's interest rate swap of $1,196 and the reclassifications of earnings of $25 during the period ended from inception (April 5, 2007) through December 31, 2007, was $455 and $10, respectively. There was no hedge ineffectiveness during 2007.

C - INCOME TAXES

The provision for income taxes includes these components:

Taxes currently payable	$	1,834
Deferred income taxes (benefit)		(1,235)
Income tax expense	$	599

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense is shown below:

Computed at the statutory rate	$	662
Increase (decrease) resulting from:		
Nondeductible expenses		19
State income taxes		68
Qualified domestic product deduction		(115)
Federal tax credits		(35)
Actual tax expense	$	599

Ramsey Industries, Inc.

Notes to consolidated financial statements - continued

December 31, 2007

(dollars in thousands, except per share amounts)

The tax effects of temporary differences related to deferred taxes shown on the balance sheet were:

Deferred tax assets		
Allowance for doubtful accounts	$	57
Inventory overhead costs capitalized for tax purposes		60
Accrued compensated absences		234
Warranty reserves		279
Pension minimum liability		802
Deferred compensation plan		940
Other		496
		2,868
Deferred tax liabilities		
Intangibles		(20,753)
Depreciation		(2,153)
Prepaid insurance		(102)
		(23,008)
Net deferred tax liability	$	(20,140)

The above net deferred tax asset is presented on the balance sheet as follows:

Deferred tax asset - current, net	$	934
Deferred tax liability - long-term, net		(21,074)
Net deferred tax liability	$	(20,140)

D - PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

1. Pension Plans

The Company has two noncontributory defined benefit pension plans. The plans are no longer open to new participants and no new benefits will be accrued. The Company's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amount as the Company may determine to be appropriate from time to time. The Company does not expect to make any contributions to the plans in 2008.

The Company adopted SFAS No. 158, which revises the accounting and disclosure requirements in the financial statements of employers with respect to defined benefit pension and other postretirement plans. The statement requires an employer to currently recognize the funded status of defined benefit plans, the difference between the fair value of plan assets and the projected benefit obligation on the employers' balance sheet. Additionally, the statement has eliminated the current measurement option and requires the measurement date to be as of the balance sheet date for fiscal year ending after December 15, 2008. The Company's measurement date is currently as of the balance sheet date. The adoption of SFAS No. 158 did not have a material impact on the Company's financial statements.